

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)	
)	
v.)	Criminal Number 1:05CR 365
)	
FRANCISCO J . MARTINEZ,)	
)	
Defendant.)	
)	
)	

STATEMENT OF FACTS

The United States and the defendant, Francisco ~~J~~. Martinez, agree that had this matter proceeded to trial, the United States would have proven the following facts beyond a reasonable doubt.

The Defendant

1. Until on or about July 18, 2005, Francisco ~~J~~. Martinez, also known as Frank Martinez, was the manager of the Department of Motor Vehicles customer service center at the Springfield Mall in Springfield, Virginia (hereinafter the Springfield DMV office). Martinez had been a DMV employee since 1990. He managed the Springfield DMV office from April 2001, except for a brief period in 2003 (June to September) when he managed the Alexandria DMV office. As manager, Martinez was the senior DMV employee in the Springfield office and exercised direct supervisory control over the office's operations and its roughly 30 employees.

The Virginia Department of Motor Vehicles

2. The Virginia DMV is an agency of the Commonwealth of Virginia charged with the registration and regulation of motor vehicles within the Commonwealth. In carrying out

its responsibilities, the DMV maintains offices in cities and counties throughout the state to serve the general public. These offices, known as customer service centers, are open from Monday through Saturday and are staffed by DMV employees.

3. One of the Virginia DMV's primary responsibilities is the issuance of Virginia driver's licenses, learner's permits, and identification cards to qualified Virginia residents. This responsibility is largely carried out by DMV clerks in customer service centers by means of a written application. The process depends heavily on the use of the Virginia DMV computer database, and every application is recorded in the database. Only authorized DMV employees may access the database, and each time an employee enters the system he or she must enter a unique user name and password. All DMV employees who use the database are trained and required to use their user names and passwords in a secure and confidential manner. At all times material to this case, Francisco Martinez has been an authorized user of the system under the user name DMVF2M.
4. In order to apply for an original Virginia driver's license, an applicant must go to a Virginia DMV office, submit a driver's license application (known as a DL-1M prior to July 2004; now known as a DL-1P) to a DMV clerk, and pay the DMV a fee. Before the clerk may issue the applicant a license, the clerk must review the application to confirm the applicant's eligibility and note the reason for the application—that is, whether the application is for an original license, a renewal, a duplicate license, or a re-issuance. If the applicant seeks an original Virginia driver's license on the ground that he or she possesses valid driving privileges in another state, the applicant must surrender his or her out-of-state license to the clerk. If the applicant seeks a duplicate or reissued license, the

clerk must note the reason for the duplication or re-issuance on the application.

5. An applicant for an original license who surrenders a valid license from another state may use the surrendered license as proof of identification and does not have to take the written driver's examination or participate in a road test. If an applicant for an original license does not have a valid license from another state to surrender, the DMV requires the applicant to present two forms of identification and take the written examination and the road test. The clerk who handles an application based on a surrendered license is required to note both the name of the issuing state and the license number on the application and in the DMV computer database.
6. If the clerk handling a given application approves it, the clerk must stamp the application. This stamp records the identity of the clerk, the location of the DMV office, and the receipt of the relevant fee. Once this clerk approves and stamps the application, another clerk photographs the applicant and issues him or her a license. The applicant's photograph, an electronic version of the applicant's signature, and other relevant pieces of information, including the approving clerk's identity, are entered into the DMV computer system creating a permanent record of the application, the applicant, and the issued license.

Summary of the Conspiracy

7. From in or about January 2001 through on or about July 2, 2005, Francisco Martinez participated in a conspiracy to sell genuine Virginia driver's licenses to applicants without proper documentation in return for fees. The conspiracy involved Martinez and at least two other persons, including the defendant's wife, Miriam Martinez, and one middleman named Daniel Jose Guardia-Lopez, a/k/a Jose Daniel Guardia, a/k/a Jose

Daniel Guardia-Lopez (“Guardia”). The applicants to whom Martinez and his co-conspirators sold the licenses were not qualified to obtain a valid Virginia driver’s license, and as a general rule they were aliens.

8. The business of the conspiracy was conducted primarily through the customer service center at the Springfield Mall in Springfield, Virginia. This DMV office was the center of the conspiracy because Martinez managed the Springfield DMV office. The basic structure of the conspiracy was as follows:
 - a. Co-conspirator Guardia served as a recruiter. It was his responsibility to find clients, to collect client fees, and to pass along instructions to the clients regarding, for example, when to go to the Springfield DMV office to receive their licenses.
 - b. Another conspirator, the defendant’s wife (Miriam Martinez), served as the link between the defendant and Guardia.
 - c. The defendant was responsible for producing the driver’s licenses for the clients from within the DMV. The defendant abused his position within DMV to falsify records on the DMV computer system. Each transaction was based on the alleged surrender by the applicant of a valid, out-of-state driver’s license. In most cases, the allegedly surrendered licenses were from Florida and North Carolina, and did not exist or had not been issued to the applicant in question. No application exists for any of the licenses fraudulently issued by the defendant.
9. Over the life of the conspiracy, the conspirators did in fact commit identification document fraud, and an example is set forth below. In particular, from in or about

January 2001 through on or about July 2, 2005, the defendant knowingly assisted persons who were not eligible for a Virginia driver's license. In return for the license produced, conspirators charged each unqualified applicant a fee of between \$200 and \$3,500.

During the end of the conspiracy, the defendant received at least \$1,500 per license.

Example of Fraud Committed by the Defendant through Guardia and Miriam Martinez

10. On or about March 15-16, 2005, the defendant, with the assistance of Guardia and Miriam Martinez, knowingly issued by fraud a Virginia driver's license in the false name of "Mario Guerrero Lopez," in exchange for a fee. On or about March 15, 2005, the defendant falsely recorded in the DMV computer system that "Mario Guerrero Lopez" had been issued a driver's license on that date. There was no record of a picture having been taken of a Mario Guerrero Lopez for this license.
11. On or about March 16, 2005, an undercover agent ("UC") posing as "Mario Guerrero Lopez" entered the Springfield DMV office, bypassed the teller lines and simply took a seat near the camera station. The defendant logged into the DMV computer system and issued a duplicate license to "Mario Guerrero Lopez" with the (false) notation that the original license had been lost and that documentation had been presented to support the reissue.
12. Although the UC did not complete an application or provide any documentation to Guardia or anyone at the DMV, the DMV camera operator at the Springfield DMV office called "Mario Guerrero Lopez" forward to the camera station and took the his picture. The DMV camera operator then called "Mario Guerrero Lopez" to pick up the license, and the UC retrieved the genuine Virginia driver's license. The license bore the name

“Mario Guerrero Lopez” and bore the address and date of birth that had been provided to Guardia – even though the UC had not given that information to anyone at the DMV.

Defendant’s Acknowledgments

13. For purposes of this plea agreement, the defendant acknowledges and concedes the following:
- a. that he knowingly worked with co-conspirators to produce Virginia driver’s licenses for the conspiracy’s clients by fraud;
 - b. that the genuine Virginia driver’s licenses issued to the conspiracy’s clients display authentication features, namely the seal of the Commonwealth of Virginia;
 - c. that he was producing licenses for the conspiracy’s clients by fraud;
 - d. that he was manager or supervisor of the conspiracy and that the conspiracy involved five or more participants;
 - e. that he abused his position as manager of the Springfield DMV office to significantly facilitate the conspiracy;
 - f. that he knew the clients were not eligible to receive Virginia driver’s licenses and that the clients were paying the conspirators and him to obtain the licenses unlawfully;
 - g. that his efforts and those of his co-conspirators were designed to defraud the DMV by causing the DMV to issue genuine driver’s licenses to individuals not otherwise entitled to them; and
 - h. that the primary purpose of this offense was to make money.
 - i. that due to the actions of the defendant, the DMV suffered a loss of more than

\$120,000, namely over \$120,000 in salary and benefits paid to the defendant during the life of the conspiracy.

Effect on Interstate Commerce

14. The issuance of driver's licenses in this case is in and affects interstate commerce for several reasons. As a general matter, driver's licenses are used to effect the motorized transport of people and goods throughout the United States. Because the country has no national identification card, driver's licenses are also the primary means of personal identification in the United States. As a result, driver's licenses are used to facilitate the commerce of every day life, for example, to open bank accounts, to board airlines, to buy alcohol and cigarettes, and to fill out government forms. In addition, the case involved the purported surrender of valid driver's licenses from numerous states within the Union in an intentional effort to exploit interstate agreements designed to foster the efficient transfer of driving privileges between Virginia and other states. Finally, the printing machines, plastic cards, and laminates the DMV uses to produce Virginia driver's licenses, learner's permits, and identification cards are supplied to the DMV under contract by Digimarc ID Systems, L.L.C., of Burlington, Massachusetts. All of the printing machines, plastic cards, and laminates Digimarc provides to DMV are made in other states and shipped to the DMV in Virginia from Digimarc's warehouse in Fort Wayne, Indiana. The printing machines, for example, are made in Japan; the plastic cards in Massachusetts; and the laminates in Pennsylvania.

Conclusion

15. This statement of facts includes those facts necessary to support the plea agreement between the defendant and the government. It does not include each and every fact known to the defendant or the government, and it is not intended to be a full enumeration of all of the facts surrounding the defendant's case.
16. The actions of the defendant as recounted above were in all respects knowing and deliberate, and were not committed by mistake, accident, or other innocent reason.

Respectfully submitted,

Paul J. McNulty
United States Attorney

By:

John T. Morton
Stephanie Bibighaus Hammerstrom
Assistant United States Attorneys

Defendant's Stipulation and Signature

After consulting with my attorney and pursuant to the plea agreement I entered into this day with the United States, I hereby stipulate that the above statement of facts is true and accurate. I further stipulate that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Date: _____

Francisco ~~J.~~ Martinez
Defendant

Defense Counsel's Signature

I am Francisco ~~J.~~ Martinez' attorney. I have carefully reviewed the above statement of facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.

Date: _____

David Kiyonaga
Counsel to the Defendant